

ASSEMBLY

25 February 2013

This report is submitted under Agenda Item 7. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order for the proposed arrangements to be implemented for 1 April 2013.

Title: Localising Support for Council Tax in England – Final Scheme Amendment	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Divisional Director: Jonathan Bunt, Divisional Director Finance	
Accountable Director: Graham Farrant, Chief Executive	
Summary A report entitled Localising Support for Council Tax in England – Final Scheme (Final Scheme report) was presented to the Extraordinary Assembly meeting of 14 January 2013. This report corrects aspects of the Final Scheme report where it referred to Council Tax technical changes and recommends adjustments to the previously proposed discounts in accordance with Local Government Finance Act 2012 (LGFA 2012).	
Recommendation(s) The Assembly is recommended to agree that the discounts applicable to the London Borough of Barking and Dagenham Council Tax Support Scheme from 1 April 2013 be as follows: (i) Class A and B (furnished unoccupied property and second homes) - 10% for up to one month; (ii) Class C (unoccupied and unfurnished properties) - 100% discount for up to 1 month; (iii) Class D (properties undergoing major repair) - 10% discount for up to 12 months; (iv) Long Term Empty Properties - After two years empty a premium of 50% is charged; (v) To qualify for a discount Class A, B, C or D the property must qualify under the same rules that would have been required to qualify for the relevant exemption or discount prior to 1 April 2013.	

Reason

The Council is required to comply with the Local Government Finance Act 2012 (LGFA2012) and subsequent regulations, in this case The Council Tax (Administration and Enforcement) (Amendment) (No.2) England Regulations 2012 (SI 3086) and The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (SI 2964).

1. Introduction and Background

- 1.1 The Government has made changes to the available reductions in Council Tax for empty residential properties. Under the pre-April 2013 arrangements, properties that were empty requiring or undergoing major structure repair were exempt from the payment of Council Tax for a maximum of 12 months – this was known as a Class A exemption. In order that the Council is able to determine the level of reduction from 1 April 2013 onwards this has been changed to a discount (now referred to as a Class D discount). The Council will be allowed to set the percentage of discount but the time limit of 12 months has not been changed.
- 1.2 In the report to Assembly of the 14 January 2013 it was recommended that the percentage be set at 100% for 1 month. This was incorrect as any discount must be for 12 months.

2. Proposal and Issues

- 2.1 The discount to be applied to properties undergoing major repair must not be for a period exceeding 12 months and in addition, as long as the property remains eligible, it cannot be for a period shorter than 12 months. It is proposed the discount be set at 10% for a period not to exceed 12 months.
- 2.2 In proposing the length and level of discounts a different interpretation of the regulations led to the previous recommendations now corrected in this report.
- 2.3 The discounts¹ to apply from 1 April 2013, with an estimated income based on the actual 2011/12 discounts awarded, are set out in the table below:

¹ The Council is required to comply with the LGFA 2012 and subsequent regulations in this case, The Council Tax (Administration and Enforcement) (Amendment) (No.2) England Regulations 2012 (SI 3086) and The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (SI 2964).

Class of Discount	Current	Proposed change	Estimated additional income (£'000s)
Class A or B Second Homes or furnished unoccupied property	A discount of 10%	A discount of 10% for up to 1 month	18
Class D – undergoing major repair	Class A -100% exemption for up to 12 months	10% discount for up to 12 months	81
Class C – unoccupied and unfurnished	Class C 100% exemption for up to 6 months	100% discount for up to 1 month	763
Long Term Empty Properties after two years	N/A	After 2 years empty a premium of 50% is charged	27
Total			889

2.4 The proposal agreed by the Assembly in respect of Class C discounts (unoccupied and unfurnished properties) to give a 100% discount for up to 1 month and in respect of Class A and B to give a 10% for up to 1 month discount are permissible under the regulations, and it is therefore not proposed to amend these aspects.

2.5 To qualify for a discount Class A, B, C or D the property must qualify under the same rules that would have been required to qualify for the relevant exemption or discount prior to 1 April 2013.

3. Options Appraisal

3.1 **Class D Discount:** The reasons for originally proposing a discount of 100% for properties undergoing major repair have been maintained, these reasons being that the discount proposed of 10% for up to 12 months recognises that an owner can get some relief while a property is uninhabitable, but the level of the discount is designed to incentivise the owner to bring the property back into use as soon as possible, recognises that the property is not in use and promotes regeneration by offering a discount on the standard Council Tax.

4. Consultation

4.1 Details of the consultation on the Council's overall proposed scheme for 2013/14 were set out in the previous report to Assembly.

4.2 The decision made must be publicised by the Council within 21 days of determination in accordance with Section 11a (6) of the Local Government Finance Act 1992 as amended.

5. Financial Implications

Completed by: Martin Henwood, Deputy Chief Financial Officer

- 5.1 The table in the report of 14 January at paragraph 3.2 potentially increased revenue by £890k. The proposal in this report increases potential revenue by £889k, a nominal decrease of £1k.
- 5.2 The amount allowed for in the Council's 2013/14 Budget for the increase from the change to all the discount categories is £500k. This smaller amount is due to allowing for the likelihood that there will be lower claims for a less generous discount and that an element (approximately 23%) of all additional income will be due to the GLA as part of the precept. It is assumed that the normal collection rate for Council Tax would be applicable to those claiming discount (currently c94.5%).

6. Legal Implications

Completed by: Paul Feild, Senior Corporate Governance Lawyer

- 6.1 The Council is required to administer Council Tax in accordance with the relevant legislation. The Local Government Finance Act 2012 significantly amends the Local Government Finance Act 1992 with regard to discounts and introduces the power to charge a premium if a property is unoccupied for two years or more. The original proposal for discounts for property undergoing major repairs did not comply with the Local Government Finance Act 2012 as it ended the discount after one month. The revised proposal in this report set out above is in accordance with the relevant legislation.

7. Other Implications

- 7.1 None

Background Papers Used in the Preparation of the Report:

- LGFA 2012
- The Council Tax (Administration and Enforcement) (Amendment) (No.2) England Regulations 2012 (SI 3086)
- The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (SI 2964).

List of appendices

- None